CUMBERLAND REGIONAL COLLEGE

FINANCIAL STATEMENTS

JUNE 30, 2012

NeuPath Group, PC Inc.
Chartered Accountants

Board of Directors
Cumberland Regional College
Nipawin, Saskatchewan

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Cumberland Regional College, which comprise the statement of financial position as at June 30, 2012, and the statement of operations, statement of changes in net assets, and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of these financial statements in accordance with generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Cumberland Regional College as at June 30, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

September 25, 2012
Nipawin, Saskatchewan

NeuPath Group
Chartered Accountants

CUMBERLAND REGIONAL COLLEGE

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2012
Statement 1

	Operating Fund	Capital Fund	2012 Total	2011 Total
ASSETS				
Current Assets				
Cash	$ 2,848,819	$ 653,584	$ 3,502,403	$ 4,583,137
Accounts receivable (note 3)	236,175	-	236,175	355,589
Prepaid expenses	64,650	-	64,650	68,620
	3,149,644	653,584	3,803,228	5,007,346
Capital assets (note 4)	-	7,005,661	7,005,661	6,633,004
	$ 3,149,644	$ 7,659,245	$ 10,808,889	$ 11,640,350
LIABILITIES				
Current Liabilities				
Accrued salaries and benefits	$ 168,846	$ -	$ 168,846	$ 166,524
Accounts payable and accrued liabilities (note 6)	146,336	-	146,336	290,723
Unearned revenue (note 7)	1,093,430	-	1,093,430	1,284,853
	1,408,612	-	1,408,612	1,742,100
NET ASSETS				
Invested in capital assets	-	7,005,661	7,005,661	6,633,004
Externally restricted (note 8)	-	385,642	385,642	1,274,696
Internally restricted (note 9)	1,541,032	267,942	1,808,974	1,740,550
Unrestricted	200,000	-	200,000	250,000
	1,741,032	7,659,245	9,400,277	9,898,250
	$ 3,149,644	$ 7,659,245	$ 10,808,889	$ 11,640,350

APPROVED ON BEHALF OF THE BOARD

Director

Director

See accompanying notes

CUMBERLAND REGIONAL COLLEGE

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2012
Statement 2

	Operating Fund			Capital Fund		Total	
	2012 Budget (Note 11)	2012	2011	2012	2011	2012	2011
Revenues (Schedule 1)							
Provincial Government	$ 5,377,946	$ 5,071,825	$ 4,996,790	$ 16,000	$ 96,829	$ 5,087,825	$ 5,093,619
Federal Government	93,056	92,870	97,892	-	-	92,870	97,892
Other revenue	2,750,974	2,385,292	2,918,976	5,226	42,515	2,390,518	2,961,490
	8,221,976	7,549,987	8,013,657	21,226	139,343	7,571,213	8,153,001
Expenses (Schedule 2)							
Agency contracts	1,476,825	1,112,280	1,510,362	-	-	1,112,280	1,510,362
Amortization	518,733	-	-	476,897	200,490	476,897	200,490
Equipment	206,271	203,568	544,349	-	-	203,568	544,349
Facilities	333,318	348,204	245,788	-	-	348,204	245,788
Information technology	95,944	133,803	36,114	-	-	133,803	36,114
Operating (Schedule 3)	973,123	804,322	821,561	-	-	804,322	821,561
Personnel services	5,136,495	4,990,112	4,736,497	-	-	4,990,112	4,736,497
	8,740,709	7,592,289	7,894,670	476,897	200,490	8,069,186	8,095,160
Excess (deficiency) of revenues over expenses	$ (518,733)	$ (42,302)	$ 118,987	$ (455,671)	$ (61,147)	$ (497,973)	$ 57,840

See accompanying notes

CUMBERLAND REGIONAL COLLEGE

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012
Statement 3

	2012				2011
	Invested in capital assets	Restricted	Unrestricted	Total	Total
Net assets, beginning of year	$ 6,633,004	$ 3,015,246	$ 250,000	$ 9,898,250	$ 9,840,410
Excess (deficiency) of revenues over expenses	(455,671)	-	(42,302)	(497,973)	57,840
Interfund transfers:					
Investment in capital assets	828,328	-	(828,328)	-	-
Internally imposed restrictions	-	68,424	(68,424)	-	-
Externally imposed restrictions	-	(889,054)	889,054	-	-
Net assets, end of year	$ 7,005,661	$ 2,194,616	$ 200,000	$ 9,400,277	$ 9,898,250

	Balance, beginning of the year	To Restricted	From Restricted	Balance, end of the year
Externally Restricted (Note 8)				
Ministry of Advanced Education Capital Funding	$ 1,274,696	$ 5,226	$ (894,280)	$ 385,642
Internally Restricted (Note 9)				
Operations	130,000	158,344	(67,509)	220,835
Programs and services	502,935	207,538	-	710,473
Building operating/maintenance	300,000	-	(100,000)	200,000
Marketing	50,000	-	-	50,000
Professional development reserve	51,239	-	(16,515)	34,724
Initiatives	320,968	4,032	-	325,000
Capital plan	385,408	-	(117,466)	267,942
	1,740,550	369,914	(301,490)	1,808,974
	$ 3,015,246	$ 375,140	$(1,195,770)	$ 2,194,616

See accompanying notes

CUMBERLAND REGIONAL COLLEGE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012
Statement 4

	2012	2011
Cash flows from (used in) operating activities		
Excess (deficiency) of revenues over expenses	$ (497,973)	$ 57,840
Amortization of capital assets	476,897	200,490
Net change in non-cash working capital (note 10)	(210,104)	1,046,671
	(231,180)	1,305,001
Cash flows used in investing activities		
Purchase of capital assets	(849,554)	(5,329,105)
Net increase (decrease) in cash	(1,080,734)	(4,024,103)
Cash, beginning of year	4,583,137	8,607,241
Cash, end of year	$ 3,502,403	$ 4,583,137

See accompanying notes

1. PURPOSE AND AUTHORITY

The Cumberland Regional College offers educational services and programs under the authority of Section 14 of *The Regional Colleges Act.* The College Board plays an integral part in strategic direction and management guidance.

The purpose of the College is to provide credit and non-credit classroom and vocation training to meet the needs of the regional constituents and industry. The Cumberland Regional College is exempt from the payment of income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

Pursuant to standards established by the Public Sector Accounting Board, the College is classified as a government not-for-profit organization. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to not-for-profit entities and include the following significant policies:

(a) Fund Accounting

The accounts of the College are maintained in accordance with the principles of fund accounting. For accounting and reporting purposes, resources are classified into funds in accordance with specified activities or objectives.

(i) Operating Fund

The operating fund accounts for the College's program delivery, service and administrative activities.

(ii) Capital Fund

The capital fund reflects the net book value of all capital assets of the College after taking into consideration any associated long term debt. The capital fund also includes contributions, interest and donations designated for capital purposes by the contributor. Also included in the capital fund are the appropriations for future capital expenditures.

(b) Revenue recognition

The College follows the restricted fund method of accounting for contributions. Contributions related to general operations are recognized as revenue of the operating fund in the year that the related expenses are incurred. Contributions restricted for capital assets are recognized as revenue of the capital fund when received or receivable.

Unrestricted operating contributions are recognized as revenue of the operating fund when received or receivable. Tuition and fee revenue is recognized as the course instruction is delivered. Revenue from contractual services is recognized as the service is delivered.

(c) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets costing under $500 are expensed in the current year. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows, and amortization is reported as an expense in the capital fund.

Buildings	5%
Leasehold improvements	5%
Furniture and equipment	10% to 33%
Vehicles	20%

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Use of estimates

These statements are prepared in accordance with Canadian generally accepted accounting principles. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in current operations when identified.

(e) Cash

Cash is represented by cash on hand and balances with banks.

(f) Financial instruments

Effective July 1, 2007, the College adopted the recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855 - Financial Instruments - Recognition and Measurement. Under these new standards, all financial assets and financial liabilities must be identified and classified. This classification determines how each financial instrument is measured.

The College's financial instruments and their classification are as follows:

Instrument	**Classification**
Cash	Held for trading
Accounts receivable	Loans and receivables
Short-term investments	Held for trading
Accrued salaries and benefits	Other liabilities
Accounts payable and accrued liabilities	Other liabilities

Held for trading financial assets and liabilities are measured at fair value. Changes in the fair value are recognized in the Statement of Operations and Changes in Net Assets. Loans and receivables and other financial liabilities are measured at amortized cost. Due to their short term nature, the amortized cost of these instruments approximates their fair value.

Effective July 1, 2008, the College adopted CICA Handbook sections 3862 - Financial Instruments - Disclosures, and 3863 - Financial Instruments - Presentation. Section 3862 provides standards for disclosure of the risks arising from financial instruments to which the College is exposed, and how the risks are managed by the College. Section 3863 provides standards for the presentation of financial instruments and non-financial instrument derivatives.

(g) Future accounting policy

In September 2010, the Public Sector Accounting Board approved an amendment to the introduction to the Public Sector Accounting Handbook. Effective for fiscal years beginning on or after January 1, 2012, government not-for-profit organizations are directed to use either the public sector accounting standards or public sector accounting standards for government not-for-profit organizations. The College, with direction from the Ministry of Advanced Education, has determined that it will adopt public sector accounting standards. The College is currently assessing the appropriateness and potential impact of the change in accounting standards on its financial statements.

3. ACCOUNTS RECEIVABLE

	2012	2011
Ministry of Advanced Education	$ 113,851	$ 113,884
Federal Government	40,896	58,332
Other	81,428	183,373
	$ 236,175	$ 355,589

4. CAPITAL ASSETS

	2012			2011
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	$ 8,061,133	$ 1,219,944	$ 6,841,189	$ 558,068
Leasehold improvements	102,884	19,727	83,157	21,876
Furniture and equipment	939,392	858,077	81,315	80,629
Vehicles	23,486	23,486	-	-
Construction in progress	-	-	-	5,972,430
	$ 9,126,895	$ 2,121,234	$ 7,005,661	$ 6,633,004

5. LEASE OBLIGATIONS

The College is committed under an annual term lease for office space at a minimum amount of $27,662 for the next fiscal year (exclusive of proportionate increases and additional occupancy costs – the lease is negotiated annually).

The College is committed under a term lease for office equipment at the following minimum amounts for the next five fiscal years:

2013	$ 16,567
2014	14,360
2015	6,147
2016	-
2017	-

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2012	2011
Provincial Government	$ 48,765	$ 5,499
Federal Government	(1,450)	83,318
Other	99,021	201,905
	$ 146,336	$ 290,723

7. UNEARNED REVENUE

Unearned revenue consists of transfers received to carry out specific activities in excess of the expenses incurred on those activities the end of the fiscal year as follows:

	2012	2011
Ministry of Advanced Education	$ 994,957	$ 1,217,860
Other	98,473	66,993
	$ 1,093,430	$ 1,284,853

8. EXTERNAL RESTRICTIONS ON NET ASSETS

The Ministry of Advanced Education has funded $385,642 (2011 - $1,274,696) of designated capital contributions to be used for future capital expenditures as per Statement 3. These externally restricted amounts are not available for other purposes without approval of the Ministry of Advanced Education.

9. INTERNAL RESTRICTIONS ON NET ASSETS

During the year the Board of Directors approved the transfer of $369,914 (2011 - $1,399,582) from unrestricted net assets to internally restricted net assets. The Board of Directors also approved the transfer of $301,490 (2011 - $883,977) from internally restricted net assets to unrestricted net assets.

10. NET CHANGE IN NON-CASH WORKING CAPITAL

	2012	2011
Accounts receivable	$ 119,414	$ 375,772
Prepaid expenses	3,970	(35,209)
Accounts payable and accrued liabilities and accrued salaries and benefits	(142,065)	115,239
Unearned revenue	(191,423)	590,868
	$ (210,104)	$ 1,046,671

11. BUDGET AMOUNTS

The budget amounts on these financial statements were prepared by Regional College Management and approved by the Board on May 24, 2011. The Minister approved the budget on July 21, 2011.

12. RELATED PARTY TRANSACTIONS

These financial statements include transactions with related parties. The College is related to all Saskatchewan Crown Agencies such as ministries, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the College is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms.

Related party expenses during the year were as follows:

	2012	2011
SaskEnergy	$ 13,840	$ 11,896
SaskPower	30,859	3,951
SaskTel and SaskTel Mobility	71,470	31,909
Saskatchewan Institute of Applied Science and Technology	527,082	1,191,223
Ministry of Government Services	65,013	151,949
University of Saskatchewan	66,381	102,855
University of Regina	-	26
	$ 774,645	$ 1,493,809

Other transactions with related parties are disclosed elsewhere in these financial statements and related notes.

13. FINANCIAL INSTRUMENTS RISKS

The College is exposed to credit risk from the potential non-payment of accounts receivable. The majority of the College's receivables are from the provincial and federal government, therefore, credit risk is minimal.

14. EMPLOYEE FUTURE BENEFITS

Employees of the College participate in one of three pension plans. Teachers and other employees holding a teaching certificate participate in the Teachers' Superannuation Plan (TSP) or the Saskatchewan Teachers Retirement Plan (STRP) which are administered by the Teachers' Superannuation Commission and the Saskatchewan Teachers' Federation respectively. The Board has no financial obligation to TSP or STRP. Eligible employees contribute to TSP and STRP for their current service. No matching contribution is made by the College. The General Revenue Fund is responsible for the required employer contributions of STRP and for the financial obligations of the TSP. All other employees participate through Municipal Employees' Pension Plan (MEPP) which is a multi-employer defined benefit plan.

The last actuarial valuaton of the MEPP indicated there was a surplus in the plan. The College's financial obligation to the MEPP is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to $195,672 (2011 - $172,855).

15. COMMITMENTS

The College has entered into certain contracts for the construction of a new Nipawin campus facility. The total budget for construction of the facility is $7,490,000. As at June 30, 2012, $7,219,020 had been expended on the project.

16. CONTINGENT LIABILITY

A union representing employees of an employer unrelated to the College has applied by Notice of Motion for an order quashing purported decisions of the Municpal Employees Pension Plan, relating to the application of actuarial surplus in the fund, as well as other relief. Several participating employers, including the College, have been named. It is not possible to estimate the potential effect of the claim at this stage in the proceedings.

CUMBERLAND REGIONAL COLLEGE

SCHEDULE OF OPERATING FUND REVENUES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2012
Schedule 1

	2012										
	General	Skills Training		Basic Education		University	Services			2012	2011
		Credit	Non-credit	Credit	Non-credit	Credit	Learner Support	Counsel	Total	Budget (Note 11)	Total
Provincial Government											
Ministry of Advanced Education											
Operating grant	$ 2,167,789	$ -	$ -	$ 25,500	$ -	$ -	$ 145,163	$ -	$ 2,338,452	$ 2,429,225	$ 2,107,849
Program payments	55,000	872,290	129,293	1,236,425	-	-	33,743	-	2,326,751	2,806,000	2,699,366
Other	-	-	43,485	85,292	146,846	-	37,554	6,131	319,308	-	81,908
	2,222,789	872,290	172,778	1,347,217	146,846	-	216,460	6,131	4,984,511	5,235,225	4,889,123
Other Provincial	37,619	-	-	49,695	-	-		-	87,314	142,721	107,668
	2,260,408	872,290	172,778	1,396,912	146,846	-	216,460	6,131	5,071,825	5,377,946	4,996,790
Federal Government											
Admin recovery	-	-	-	-	-	-	-	-	-	-	-
Seat purchases	-	-	-	-	-	-	-	-	-	-	-
Projects	-	-	-	-	92,870	-	-	-	92,870	93,056	97,892
Other	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	92,870	-	-	-	92,870	93,056	97,892
Other Revenue											
Admin recovery	-	-	-	-	-	-	-	-	-	-	-
Contracts	-	879,663	188,649	320,440	165,830	5,220	1,500	-	1,561,302	1,648,438	2,085,849
Interest	49,177	-	-	-	-	-	-	-	49,177	30,000	49,677
Rents	950	-	-	-	-	-	-	-	950	-	459
Resale items	2,534	54,182	26,103	140	743	2,037	-	-	85,739	97,926	117,615
Tuition	-	266,317	336,000	-	2,612	13,272	70	-	618,271	963,610	629,358
Other	1,270	-	21,736	-	-	5,932	40,915	-	69,853	11,000	36,018
	53,931	1,200,162	572,488	320,580	169,185	26,461	42,485	-	2,385,292	2,750,974	2,918,976
Total revenues	2,314,339	2,072,452	745,266	1,717,492	408,901	26,461	258,945	6,131	7,549,987	8,221,976	8,013,657
Total operating fund expenses (Schedule 2)	2,542,104	1,677,989	599,334	1,493,777	319,377	224,968	640,365	94,375	7,592,289	8,221,976	7,894,670
Excess (deficiency) of revenues over expenses	$ (227,765)	$ 394,463	$ 145,932	$ 223,715	$ 89,524	$ (198,507)	$ (381,420)	$ (88,244)	$ (42,302)	$ -	$ 118,987

See accompanying notes

CUMBERLAND REGIONAL COLLEGE

SCHEDULE OF OPERATING FUND EXPENSES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2012
Schedule 2

	2012										
	General	Skills Training		Basic Education		University	Services				
		Credit	Non-credit	Credit	Non-credit	Credit	Learner Support	Counsel	Total	2012 Budget (Note 11)	2011 Total
Agency contracts	$ 9,600	$ 596,478	$ 384,282	$ 30,617	$ 8,083	$ 68,830	$ 14,390	$ -	$ 1,112,280	$ 1,476,825	$ 1,510,362
Equipment	133,994	14,112	5,705	33,504	4,128	1,806	9,688	631	203,568	206,271	544,349
Facilities	252,142	51,664	5,642	24,803	10,251	2,961	741	-	348,204	333,318	245,788
Information technology	73,341	-	2,318	4,116	47,914	-	6,114	-	133,803	95,944	36,114
Operating (Schedule 3)	355,387	135,070	98,952	115,729	30,379	22,025	41,979	4,801	804,322	973,123	821,561
Personnel services	1,717,640	880,665	102,435	1,285,008	218,622	129,346	567,453	88,943	4,990,112	5,136,496	4,736,497
	$ 2,542,104	$ 1,677,989	$ 599,334	$ 1,493,777	$ 319,377	$ 224,968	$ 640,365	$ 94,375	$ 7,592,289	$ 8,221,977	$ 7,894,670
			$ 2,277,323		$ 1,813,154			$ 734,740			

See accompanying notes

CUMBERLAND REGIONAL COLLEGE

SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012
Schedule 3

	2012 Budget (Note 11)	2012 Total	2011 Total
Advertising	$ 137,759	$ 142,009	$ 96,931
Association fees and dues	34,150	35,863	34,970
Bad debts (recovery)	-	(20)	-
Financial services	5,300	6,018	3,904
In-service	44,205	23,449	17,300
Insurance	19,064	28,736	17,234
Materials and supplies	273,768	210,894	237,242
Postage, freight and courier	19,217	20,253	18,173
Printing and copying	24,128	10,616	11,067
Professional services	59,279	17,471	51,065
Resale items	83,067	87,010	143,957
Subscriptions	8,650	1,685	1,148
Telephone and fax	77,558	69,863	61,847
Travel	169,053	135,003	113,386
Other	17,925	15,472	13,338
	$ 973,123	$ 804,322	$ 821,561

See accompanying notes